

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 WARSAW 003178

SIPDIS

DEPT PASS TO USTR J. HALE

E.O. 12958: N/A

TAGS: [ETRD](#) [PL](#) [ECCP](#)

SUBJECT: POLAND: U.S. PROVIDER SEEKS TO OFFER VOICE
- SERVICES

SENSITIVE BUT UNCLASSIFIED: THIS CABLE CONTAINS BUSINESS
PROPRIETARY INFORMATION. NOT FOR INTERNET DISTRIBUTION

SUMMARY

1. (SBU) California TOK, a Delaware-registered firm, is making ambitious plans to enter the Polish telecoms market with inexpensive international voice services. Although the service will rely on an individual customer's existing broadband connection, the company eschews labeling its service voice over internet protocol (VOIP). A major appeal of the service in addition to the low price, believes the firm's representative here in Poland, is the ease of use and setup, factors that have been missing from some VOIP services. End Summary.

DON'T SAY VOIP, SAY "TOK"

2. (SBU) Econoff met with Stanislaw Lewak (protect), general manager of California Tok to discuss the company's plans to introduce its calling service for the Polish market. Lewak began his presentation by emphasizing that, as far as marketing his service goes, he never, ever says "VOIP." "People hear that word, and their eyes glaze over," Lewak said. "I want our customers to have an absolutely trouble-free experience with our service, right from the moment they set up." California TOK uses a Cisco VOIP router that connects directly to a standard telephone RJ-11 jack and to the Ethernet port on a broadband modem.

SMALL INVESTMENT, (POTENTIALLY) BIG REWARDS

3. (SBU) Lewak said that TOK's current investment in Poland is about \$500,000, although he expects to see that amount double when service is officially launched. He emphasized that TOK saved tremendous amounts of time and money by establishing a branch office, rather than a legal subsidiary, in Poland. The paperwork for a branch office is much less than that required for a subsidiary, and for TOK's purposes, at least, gets the company all the legal presence it needs. Lewak said that his firm got approval from the Polish telecoms regulator (URTIP) as both a voice service and a "telecommunications (read data) provider," and was surprised (as was Econoff) at URTIP's openness to TOK's application. The firm plans to offer 100 minutes of talk time anywhere in Europe and North America for 49 Zloty (about 15 dollars) per month, with per minute charges after that of less than 10 cents per minute. This is far and away cheaper than rates charged by Telekomunikacja Polska (TPSA), which still dominates the telecommunications market in Poland, and offers the most popular DSL-based broadband access in Poland. And that presents a major challenge for TOK.

TPSA MODEMS AND TOK SERVICE: GEEKS NOT INCLUDED

4. (SBU) TPSA's DSL service is primarily delivered through universal serial bus (USB) DSL modems. These modems have no Ethernet ports; rather, they plug right into the computer and, utilizing the "plug-n-play" abilities of Microsoft Windows, set up a direct connection to the internet. In order to use TOK's VOIP box (or any other router-based application, such as a wireless network access point), the customer must use an Ethernet modem. Currently, TPSA charges twice the amount for an Ethernet modem as it does for its cheapest USB option. In addition, TPSA has also rigged its Ethernet modems to block VOIP traffic.

KICKOFF WITH A LAWSUIT?

5. (SBU) California TOK plans on launching its service officially in Poland in September. In addition, it is

looking seriously at suing TPSA for violating EU antitrust regulations because of the Ethernet modem issue. Lewak confided that, in reality, it has no effect on his business. Subscribers to TOK are hooked up by a visiting technician well-equipped to bypass the TPSA access limitation. In fact, Lewak said, he hopes that the publicity of a lawsuit may actually help TOK in its ad campaign, set to begin soon in cooperation with a Warsaw radio station (and investor) in the service.

TOK IS CHEAP . . .

16. (SBU) Time will tell if TOK really becomes a viable voice services provider in Poland. But if it does, it will be a prime example of how for very little money, innovative U.S. firms can exploit technological advantages in restrictive telecoms markets to challenge stultified incumbents and make a profit as well.

HILLAS